

Sustainability Report

2023

UD Trucks Corporation



UD TRUCKS

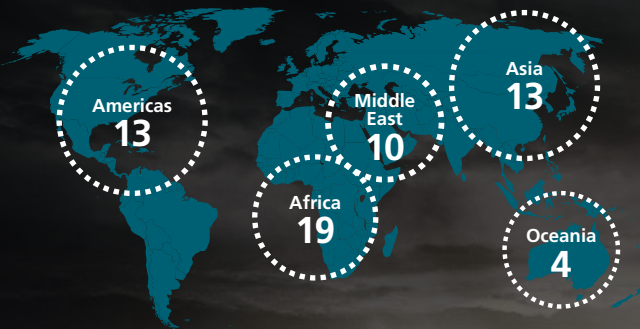


## UD Trucks at a glance

For 88 years, UD Trucks has provided innovative trucks and transportation solutions the world needs today and tomorrow.

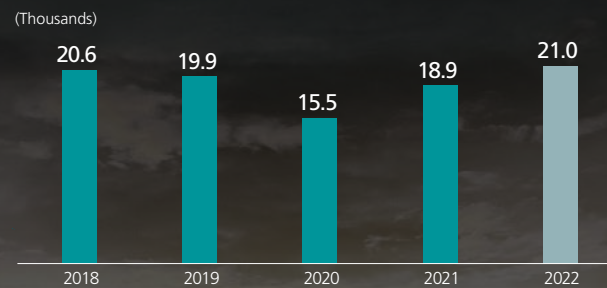
Sales and servicing in  
**59** countries

UD Trucks has an extensive network of dealers offering sales and servicing in 59 countries. The UD Trucks Group provides 24-hour, 365-day support to commercial vehicle operators and drivers, including a telematics service connecting about 80,000 trucks around the world.



**20,988** trucks sold globally in 2022

UD Trucks sold 20,988 trucks globally in 2022, meeting a wide range of transport needs with its diverse lineup of truck models.



**88** years of history

Founded in 1935 as a diesel engine manufacturer, UD Trucks has always been a challenger at heart, responding to the needs of customers and the times.

Diverse workforce of **8,333** employees

In Japan: **6,203** Outside Japan: **2,130**

With employees from 40 countries working worldwide, UD Trucks recognizes that promoting a diverse workplace in which all employees can make the most of their abilities will lead to its continued success.

Note: Figures as of April 1, 2023

**168** customer centers and independent dealers in Japan

The Company's nationwide network of customer centers and dealers provides genuine parts and servicing to help customers keep their trucks running and maximize uptime.



Kazet light-duty truck

Condor medium-duty truck

Quon heavy-duty truck

Quester heavy-duty truck

Croner medium-duty truck

Kuzer light-duty truck

Sold in developed markets

Sold in emerging markets

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### About this report

UD Trucks publishes a sustainability report every year for the purpose of providing stakeholders with information about its environmental, social and governance initiatives.

### Scope of the report

This report covers the activities of UD Trucks Corporation.

### Reporting period

This report mainly covers results and activities in fiscal 2023 (April 1, 2022 to March 31, 2023). Some sections also refer to results and activities in previous fiscal years, activities in fiscal 2024, and future plans and forecasts.

### Published in January 2024



## Message from the President

# In line with our Better Life purpose, management is working hand in hand with the Company's diverse employees to bring benefits to our customers and communities around the world.

The logistics industry is facing major challenges, including rapidly rising freight transport demand following the end of the COVID-19 pandemic and subsequent economic rebound, as well as driver shortages and strict environmental regulations. More broadly, climate change, high energy prices, and issues related to human rights and labor practices have been creating new challenges for the industry. In response, commercial vehicle operators are exploring ways to increase uptime and improve working conditions for drivers.

As a provider of trucks and services in the logistics industry, UD Trucks is addressing these issues in order to continue playing an indispensable role for its customers and society as a whole. From this standpoint, we created our Better Life purpose with the goal of growing together with stakeholders as a sustainability leader among Japanese commercial vehicle manufacturers. At the same time, we intend to bring benefits to communities around the world as we work in support of the UN Sustainable Development Goals.

Guided by our Better Life purpose, we are pursuing initiatives that are better for logistics, the planet, people, and our business. I am happy to

report that the Company has been making steady progress in each of these four areas. Starting with logistics, we have enhanced the safety, comfort, and environmental performance of our Quon heavy-duty trucks. We have equipped these models with UD Active Steering, which helps reduce driver fatigue, and lead the industry in developing engines that meet the latest fuel efficiency standards. We have also been conducting autonomous driving trials of heavy-duty trucks in confined areas to verify the feasibility of this technology.

Turning to the planet, addressing climate change is our primary focus. As a member of the Isuzu Group, UD Trucks is aiming to achieve net zero CO<sub>2</sub> emissions by 2050 in accordance with Isuzu Environmental Vision 2050. To achieve this goal, we are taking steps to reduce CO<sub>2</sub> emissions from our operations, particularly at the procurement and manufacturing stages. We are also using renewable energy sources and have introduced a new system for monitoring CO<sub>2</sub> emissions across the entire value chain.

UD Trucks employs over 8,000 people from 40 countries. We are fostering a workplace that values diversity and inclusion, instills pride, and encourages all employees to make the most of their abilities. In

these ways, we want to help build a better future for our customers and communities around the world. As we pursue these endeavors, we look forward to the continued support of the Company's stakeholders.



丸山 浩二

Kouji Maruyama

President and Representative Director  
UD Trucks Corporation

## Our Purpose

Purpose

# Better Life

*Better Life* is our purpose, the reason why we exist. Providing the trucks and services that the world needs today, we are committed to *Better Life*—to make life better for people and the planet through sustainable transport solutions

Our desired position by 2025

The leader in sustainability among Japanese commercial truck manufacturers

Leadership in sustainability across four areas

**Better for Logistics:**

Pursuing smarter logistics to overcome challenges facing the industry

**Better for the Planet:**

Reducing emissions and waste

**Better for People:**

Creating better workplaces and supporting communities

**Better for Business:**

Building a foundation for sustainable growth

For over 80 years, UD Trucks has been providing the trucks and services the world needs today.

Now the logistics industry is facing an array of challenges, from a shortage of truck drivers and higher demand for deliveries driven by the growth in e-commerce, to environmental impacts such as climate change and resource depletion. To overcome these many challenges, innovation and collaboration are essential for making the world a better place.

We are committed to making life better - for people and the planet. This is our purpose, and we call it *Better Life*.

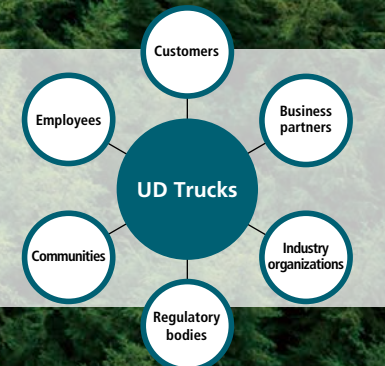
Guided by our *Better Life* purpose, we aspire to be the leader in sustainability among Japanese commercial truck manufacturers by 2025.



By working to make life better for people and the planet, UD Trucks recognizes the importance of helping achieve the UN Sustainable Development Goals, which were adopted by the United Nations General Assembly in 2015.

### Engaging with Stakeholders

For UD Trucks to be a sustainability leader among Japanese commercial truck manufacturers, close communication with all stakeholders is essential, including customers, business partners, and employees. Therefore, the Company creates opportunities to engage with stakeholders and reflects their views in its management policies, business activities, and environmental, social, and governance (ESG) initiatives.



## Our Purpose

# Leadership in sustainability across four areas

### Better for Logistics:

#### Pursuing smarter logistics to overcome challenges facing the industry

Globally, the logistics industry is facing various challenges, including a shortage of drivers, increasingly strict regulations, and the need to ensure safer roads. Moreover, the growing e-commerce sector coupled with intense competition is putting pressure on logistics firms to cut costs and improve efficiency.

UD Trucks is meeting these challenges head on by staying at the forefront of innovation that helps improve vehicle efficiency, reduce environmental impacts and maximize driver comfort. To become a leader in sustainability, UD Trucks continues to develop next-generation technologies in the fields of connectivity, electromobility, and autonomous driving. At the same time, the Company is offering solutions to partners and customers to enhance their business.

► For more details, please refer to page 7.



### Better for the Planet:

#### Reducing emissions and waste

Climate change and resource depletion are some of the most pressing environmental issues facing us today. UD Trucks, together with the logistics industry as a whole, can be part of the solution to greatly minimize environmental impacts.

UD Trucks is taking steps to significantly reduce CO2 emissions and eliminate waste across its operations. Accordingly, the Company is exploring the use of renewable energy and reducing the CO2 footprint of its products and sites, while collaborating with suppliers to reduce environmental impacts across the entire value chain.

► For more details, please refer to page 18.



## Our Purpose

### Better for People: Creating better workplaces and supporting communities

Recognizing that people and communities are a core part of its sustainability strategy, UD Trucks helps its employees enhance their well-being while fostering a workplace culture that values diversity, personal development and a strong work-life balance. All employees are encouraged to make the most of their abilities and given the opportunity to grow professionally.

In addition, UD Trucks works closely with communities, focusing on road traffic safety seminars for local schools, disaster relief and other community outreach initiatives.

▶ For more details, please refer to page 27.

### Better for Business: Building a foundation for sustainable growth

Pursuing a sustainability strategy that is Better for Logistics, Better for the Planet and Better for People helps secure the fourth area of sustainability: Better for Business. In short, this means the Company's performance and profitability. UD Trucks invests profits back into its businesses to lay a path for it to grow together with all stakeholders.

▶ For more details, please refer to page 36.



[Better for Logistics](#)[Better for the Planet](#)[Better for People](#)[Better for Business](#)

## Sustainability Activities

### Better for Logistics

UD Trucks deploys innovative in-vehicle systems to provide trucks that maximize driver comfort and driving efficiency while also helping to reduce environmental impacts. Working in partnership with truck drivers and logistics firms, the Company devises comprehensive solutions across the entire value chain. By developing next-generation technologies in the fields of connectivity, electromobility, and autonomous driving, UD Trucks is working to make logistics smarter and more environmentally sustainable.





Better for Logistics

Better for the Planet

Better for People

Better for Business

## Sustainability Activities

### Enhancing comfort and safety for drivers

#### UD Active Steering system

In recent years, Japan's aging population and shrinking workforce have greatly impacted logistics, leading to a serious shortage of truck drivers. Moreover, working hours for truck drivers will be limited when new legislation on workplace reform takes effect from April 2024, raising concerns that freight volumes will exceed transport capacity.

In response to this, UD Trucks designs its vehicles to be easy for anyone to drive, regardless of age or skill level, in order to attract new people to the profession. For example, the Company equips its heavy-duty Quon trucks with UD Active Steering, a system designed to help reduce driver fatigue and make roads safer. Using an electronic control unit attached to an electric motor installed over conventional hydraulic steering gears, the system monitors the vehicle direction and driver's actions while detecting vehicle movements and road conditions with numerous sensors at a rate of 2,000 times per second, providing real-time assistance to the driver. It also reduces steering wheel resistance by applying an appropriate amount of torque, providing steering stability regardless of the truck's speed, payload, road conditions, or crosswinds. UD Active Steering was first introduced in the Quon CG and GK models in 2021, and was added to the CD and CQ models in 2023.

The Company offers opportunities for drivers to compare trucks equipped with and without UD Active Steering. After testing trucks equipped with the system, drivers reported lower stress levels and reduced levels of

excess concentration. They also described steering as being more comfortable, especially when parking or driving on rough roads.

[Web](#)

**Please refer to the following webpage for information on the demonstration results**

<https://www.udtrucks.com/news-and-stories/news/20210701-ud-active-steering>



#### Five benefits of UD Active Steering

##### ● Low Speed Agility

When turning at low speeds and reversing in tight spaces, additional steering torque automatically feeds into the system to allow the driver to maneuver with a light touch.

##### ● High Speed Stability

When driving at higher speeds, the weight of the steering wheel adjusts to provide superior stability.

##### ● Rough Road Dampening

UD Active Steering dampens vibrations on rough roads. Minute directional adjustments keeps the driver on course.

##### ● Cross Wind Correction

UD Active Steering virtually eliminates the steering corrections needed in crosswinds, keeping the driver on a straight course.

##### ● Return to Center

Whether turning at an intersection or reversing, the steering wheel will return to center when released, saving driving effort and bringing the vehicle into a straight line quickly and easily.

[Web](#)

**Please refer to the following webpage for details about UD Active Steering**

<https://www.udtrucks.com/about-us/innovation/udas>

## Sustainability Activities

### UD Active Steering—what drivers had to say

## Since the truck steers so easily and smoothly, I no longer have stiff shoulders and back pain.

### Norikazu Tanaka Mizushima Rinkai Tsuun Co., Ltd.

I drive a Quon tractor, and I'm mainly responsible for transporting freight over short distances. When I first drove a Quon with UD Active Steering, the steering felt really light. I even wondered whether it was safe for the truck to steer so lightly. Once you've tried it, though, driving is much easier. We have to turn the steering wheel many times when driving in tight spaces, and more so when towing a trailer, so I really appreciate being able to steer so easily and smoothly. I don't even have to worry about how many times I turn the wheel because it goes back to the center position automatically.

When pressed for time, I use the highway even for short distances. I was initially concerned about whether

such light steering would be okay when driving at high speeds, but it proved to be very stable. Changing lanes is smooth, and I never notice any steering wheel resistance. Driving feels natural. On bumpy roads, tractors tend to shake intensely and some even seem to bounce. That can cause back pain. Now that I drive a Quon with UD Active Steering, I don't have any more back pain, and driving on highways is a breeze. I think my stiff shoulders and back pain disappeared recently because of this steering system. One of my coworkers was spot on when he said, "I could drive across the whole country in this truck."

### About Mizushima Rinkai Tsuun Co., Ltd.

Headquartered next to the Mizushima industrial complex in the city of Kurashiki, Okayama Prefecture, the company mainly transports raw materials and finished products to and from oil refineries, steel mills, auto plants, and other large facilities in the area. It has over 100 trucks, about 70% of which are tractors.



## Sustainability Activities

### Improved safety features of Quon heavy-duty trucks

Quon heavy-duty trucks come with the Company's advanced safety features, including its Traffic Eye vehicle-distance alarm system, Traffic Eye Cruise Control, Traffic Eye Brake automatic braking system, and Lane Departure Warning System. Loaded with advanced technologies, these systems help drivers operate trucks safely, which makes the road safer for everyone. UD Trucks has also focused on enhancing its driver support systems to help alleviate driver fatigue, a major cause of traffic accidents. In 2021, the Company began installing its Lane Departure Prevention function and UD Active Steering electronically controlled steering system in certain truck models. It also upgraded Traffic Eye Cruise Control to adjust the truck's speed to the vehicle ahead while at slow speeds, making driving easier in congested traffic conditions.

UD Trucks equipped its 2022 models with new safety features: Driver Monitor, Smart Blind Spot Information System, and Smart Lane Change System. Using a camera mounted on the windshield pillar on the driver seat side, Driver Monitor detects the driver's posture, the direction the driver is looking, and whether his or her eyes are open. If the driver is looking to the side, slouched over, appears drowsy, or has closed eyes, it alerts the driver to take a break on the dashboard panel. Smart Blind Spot Information System detects bicycles and other objects on the left side of the truck when the driver makes a left turn, while Lane Change Support detects oncoming vehicles on the left side when the driver changes lanes. Both functions alert the driver via an indicator mounted on the windshield pillar of the passenger seat side of the cab. If the possibility of a collision is detected, the indicator flashes, a buzzer sounds, and a warning appears on the dashboard panel.

While truck manufacturers are required to install a system for detecting blind spots in trucks weighing over eight tonnes effective from May 2024, pursuant to international standards set in November 2019, the Blind Spot Information System was the first such system to be featured in a heavy-duty truck model in Japan, demonstrating the Company's success in complying with safety standards ahead of time. In 2023, UD Trucks enabled this system to detect blind spots not only on the left side but also on the right side of the truck, thereby further improving safety.

### Improving comfort for drivers

Truck drivers spend the majority of their working hours behind the wheel. Therefore, UD Trucks develops highly functional seats that reduce fatigue and improve comfort. One of its innovations is the Belt-in Seat system, an option available on the Quon. For this system, the seat belt is built into the seat itself rather than attached to the cab wall, and connected to the seat suspension. This not only makes the belt feel more comfortable but also reduces the pressure and rubbing of the belt on the driver if the truck experiences shaking or jolting on the road.

In addition, UD Trucks designs its seats to maximize driver comfort in respect to firmness and materials, based on technologies developed by Isringhausen, a German company that has earned an excellent reputation for its long-haul truck seats in Europe. Seats are equipped with 10 adjustment levers and switches, allowing the driver to set the safest and most comfortable driving position for long distances, and precisely adjust the seat to perfectly fit his or her physique and preferences. Heated seats are also offered as an option for keeping drivers more comfortable during cold winter months.



Belt-in Seat maximizes driver comfort

A conventional seat belt places pressure on the driver



- |                                  |                               |
|----------------------------------|-------------------------------|
| ① Seat position adjustment lever | ⑥ Lumbar support switch       |
| ② Seat height adjuster           | ⑦ Shock absorption lever      |
| ③ Seat recline lever             | ⑧ Seat tilt lever             |
| ④ Double seat recline lever      | ⑨ Seat cushion position lever |
| ⑤ Armrest adjustment dial        | ⑩ Air dump valve switch       |

## Sustainability Activities

### Level 4 autonomous driving trial with Kobe Steel

As Japan's logistics industry struggles with a chronic labor shortage, manufacturers are concerned about how the lack of truck drivers will impact their operations. To help find new ways to address these issues, UD Trucks has been focusing on developing fully electric and autonomous trucks under its roadmap for innovation, "Fujin & Raijin. Vision 2030." As part of these efforts, it has been verifying the feasibility of self-driving heavy-duty trucks used for specific applications.

For example, in 2019, the Company demonstrated a self-driving truck equipped with Level 4\* autonomous driving technology in Hokkaido together with the logistics firm Nippon Express and the Hokuren Federation of Agricultural Cooperatives. The test verified that the truck could carry out deliveries on a planned route.

More recently, UD Trucks formed a partnership with Kobe Steel, Ltd., and conducted an autonomous driving trial at the steelmaker's Kakogawa Works from August to October 2022. During the trial, a Quon heavy-duty dump truck equipped with Level 4 autonomous driving technology automatically transported a slag weighing roughly 17 tonnes to and from multiple points on a test course within the site. Stopping at the preset points, unloading the payload, and other complex operations were also carried out autonomously. The trial verified the feasibility of autonomous vehicle systems and the potential for automating transport and unloading operations.



### Purpose of the trial

The trial was intended to verify the accuracy of autonomous driving technology when used under actual operating conditions, as well as the robustness of various types of sensors and the reliability of autonomous vehicle systems.

### Results of the trial

#### The trial showed:

- A dump truck fitted with the autonomous driving system could operate and accurately maneuver under various weather conditions, such as rain and fog, and on rough terrain, including on uneven surfaces and in pools of water and mud.
- UD Active Steering contributed to the precise and safe steering of the truck when driven on uneven terrain.
- The truck could stay on its preset course based on positioning and navigation data generated from GNSS-RTK (high-precision GPS) and 3D-LiDAR (laser-equipped sensors) technologies, even in an environment in which satellite signals are easily blocked

\*The vehicle can fully operate in self-driving mode under predefined conditions.

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## Sustainability Activities

### Participation in a government initiative to support the logistics industry

Recognizing that it is not only a manufacturer of trucks that are essential for commercial transportation but also a user of logistics services, UD Trucks strives to make logistics more sustainable. From this standpoint, the Company is proactively endorsing the Japanese government's program for raising the productivity of trucking, and improving workplace conditions and efficiency in the logistics industry. This initiative (called the White Logistics Movement in Japan) was launched in March 2019 by the Ministry of Land, Infrastructure, Transport and Tourism.

## Reducing environmental impacts

### Improving the environmental performance of Quon heavy-duty trucks

When UD Trucks debuted its Quon model in 2004, the trucks were the world's first to feature a selective catalytic reduction system for purifying exhaust gases. Since then, the Company has been improving the fuel efficiency and environmental performance of the Quon by applying leading-edge technologies, including its ESCOT 12-speed electronically controlled automatic transmission, designed to help drivers save on fuel, the Foretrack speed adjustment system, which predicts the road ahead based on scanned data, and Nenpi Coach, a system that provides drivers with fuel-saving advice. The Company has also made numerous improvements to the Quon's aerodynamics, engine, driveline, and core technologies.

In July 2022, UD Trucks released a Quon with an 11-liter GH11 engine that meets new Japanese fuel efficiency standards set to go into effect from 2025. Under these new standards, which cover many types of vehicles, fuel efficiency must be improved by over 10% compared with standards set in 2015 by the Ministry of Land, Infrastructure, Transport and Tourism.

In April 2023, the Company introduced the Quon GW 6x4 heavy-duty tractor with a 13-liter GH13 engine that also meets the new 2025 fuel-efficiency standards for heavy-duty vehicles. Featuring a specially fitted ESCOT-VII transmission, the GW 6x4 delivers all the raw power needed for transporting heavy loads while enabling drivers to save on fuel.

### Heavy-duty Quon puts the environment first

#### ● Vehicle

Quon trucks come with fuel-efficient driving systems, including the Foretrack speed adjustment system, which uses scanned data to predict the road ahead and adjust speed and braking accordingly, and Nenpi Coach, a system that analyzes driving habits and provides drivers with helpful fuel-saving advice on a multi-display. The Company has also improved aerodynamics with front bumper-fitted air dams and newly developed wind deflectors, which help reduce resistance while driving.

#### ● Engines

##### ▶ GH11

This 11-liter engine features an efficient and precise fuel injection system designed to leverage the benefits of both unit injector and common rail systems, along with newly designed combustion chambers that optimally mix fuel and air. The combination of these technologies ensures fuel-efficiency, power, and clean-running performance.

Moreover, the engine runs on low-viscosity engine oil, which contributes to better mileage and a longer service life.

##### ▶ GH13

Built with the same advanced combustion technologies that the GH11 is known for, the new GH13 engine runs on low-viscosity engine oil and applies various technologies for reducing friction, which contributes to more economical driving, and features a ball-bearing turbocharger that helps improve fuel efficiency.

##### ▶ ESCOT-VI and ESCOT-VII transmission

This 12-speed electronically controlled automatic transmission optimizes gear shifting while helping keep fuel consumption at a minimum.

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## Sustainability Activities

### Quester and Croner models comply with Euro 5 vehicle emission standards

In September 2021, UD Trucks released Quester heavy-duty and Croner medium-duty truck models that comply with the Euro 5 vehicle emission standard for the European Union. Now available in emerging markets around the world, these new models boast features that improve uptime and fuel efficiency, optimize the total cost of ownership for users, and help lower environmental impacts.

UD Trucks has released these new models in emerging markets, which have been rushing to adopt more stringent emission standards in response to worsening air quality caused in part by industrialization and rapid economic growth, as well as to climate change. Since the Euro 5 standard requires NOx emissions to be reduced by 43% compared with the Euro 4 standard, these Euro 5

compliant trucks will help address environmental issues and reduce related risks.

Besides complying with the Euro 5 standard, these Quester and Croner models offer substantially higher fuel efficiency because they are equipped with the Company's selective catalytic reduction system, which is highly regarded as the world's first such system for purifying exhaust gases. They also come with Nenpi Coach, a system that provides drivers with real-time advice on how to maximize fuel efficiency and optimize driving techniques.

In May 2023, UD Trucks exhibited Euro 5 compliant trucks at NAMPO Harvest Day, the largest agricultural equipment trade fair in South Africa, an important market for the Company. Electricity shortages have caused power outages in South Africa in recent years, impacting many industries and making it difficult for farmers to reliably supply produce to the market while maintaining quality.

In this context, many visitors attending the trade fair expressed interest in Euro 5 compliant vehicles that offer greater fuel efficiency and higher environmental standards and solutions for improving uptime.



From left, Croner and Quester model trucks

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## Sustainability Activities

### Improving operational efficiency for customers

#### Making aftermarket services more efficient through digitalization

Aiming to offer customers a user-friendly one-stop service, UD Trucks has integrated its customer relationship management (CRM) and enterprise resource planning (ERP) into a new system called UD Dynamics, and began rolling out this system to its service centers throughout Japan from April 2022. By using UD Dynamics, the service centers can transform the operational processes of their aftermarket services to reduce customer wait times, expand maintenance service capacity, access relevant data in real time, and optimize the servicing of vehicles that have broken down on the road, thereby helping customers increase productivity and uptime.

Looking ahead, UD Trucks plans to use UD Dynamics as the basis for a comprehensive platform spanning all of its aftermarket services, enabling the operational status of every service center and the vehicles they are servicing to be checked in real time. By responding to customers with such data-driven solutions, the Company aims to enhance the quality of its services and raise the level of customer satisfaction.

#### Deploying vehicle telematic data to minimize vehicle downtime

Trucks are used for over 90% of all goods transported inside Japan on a tonnage basis. From that perspective, society depends on UD Trucks to help its customers keep their trucks up and running.

Toward this end, the Company deploys its unique telematics service to facilitate safe truck operations for customers. Through this service, the Company collects and analyzes real-time data transmitted automatically via a telematics system installed inside the vehicle, and remotely provides users with these diagnostic results to help them operate their trucks safely. The data includes information on the vehicle's status, engine condition, fuel consumption, and location. In the event of a breakdown, UD Trucks promptly verifies the truck's condition and informs the driver of the nearest service center, thereby minimizing vehicle downtime. The service also provides users with a fuel efficiency report and a safe driving report, which are useful tools for facilitating more fuel-efficient driving.

In addition, UD Trucks has been using various types of data collected from the trucks for the purpose of preventative maintenance. By identifying signs of potential vehicle breakdowns and averting such problems from occurring in advance through preventative maintenance, the Company aims to reduce unexpected breakdowns to maximize uptime.

#### UD Road Support

A one-stop service for customers provided by the Company's call centers, the UD Road Support team is available 24 hours a day, 365 days a year, to immediately respond to enquiries and requests from truck drivers. If a truck breaks down on the road or has an accident, the team checks the vehicle's condition using data transmitted in real time via the Company's telematics service, and shares the information with a mechanic from a service center nearest to the vehicle. Call center staff then promptly dispatch the mechanic to repair the vehicle, and provide necessary information to the truck driver, such as the estimated time of arrival of mechanic.

## Sustainability Activities

### Quality

#### ISO 9001 certification

UD Trucks complies with the ISO 9001 international standard for quality management systems. The Company's Manufacturing Division acquired ISO 9001 certification in 2002, followed by the Product Development Division in 2016. Both divisions completed the transition to the revised ISO 9001:2015 standard in 2018. The Company's Purchasing Division acquired the certification in 2022, and other divisions that have adopted quality management systems are making improvements in preparation for certification in the future.

Outside Japan, the certification has been acquired by the Bangkok Plant in Thailand and the Pretoria Plant in South Africa. All certified workplaces thoroughly conduct a plan-do-check-act (PDCA) cycle to continuously raise quality in accordance with the standards.



#### Internal and external audits of quality management

As a rule, UD Trucks conducts an internal audit of its quality management system every year to ensure that it functions effectively. During the audits, a team of qualified audit committee members verify and evaluate whether the system is being properly implemented and complies with

company rules as well as relevant laws and regulations. Likewise, the quality management system is audited every year by a third party in order to maintain ISO certification.

#### Measures for promptly dealing with quality-related issues

To minimize the impact of quality-related issues for customers, UD Trucks has established a Quality Action Group, led by its Quality Assurance Division and spanning across departments involved in product development, manufacturing, and aftermarket services. The group is comprised of teams that handle troubleshooting at headquarters, teams that provide technical support at service centers and customer sites, and branch office teams that directly respond to problems in their respective areas. These teams coordinate their efforts to quickly identify root causes and implement solutions. Through this arrangement, they promptly share quality-related information and respond to issues, ultimately leading to greater customer satisfaction.

#### Product development quality standards

UD Truck's Product Development Division has established its own standards for quality assessments. Based on these standards, the division specifies checkpoints at each stage of product development and confirms whether targeted levels of quality are achieved across a broad range of indicators, including a truck's performance, functions, durability, and reliability. This process not only ensures higher quality but also shortens the total time required for product development.

Recognizing the growing importance of promptly and efficiently obtaining information relevant for quality control, UD Trucks has been using wearable cameras and utilizing various other digital devices to collect maintenance and repair data on vehicles with defects. The Company has also begun using business intelligence tools to digitize analytical processes, enabling it to more effectively identify quality issues.

#### Quality assurance in manufacturing

Based on a quality-first approach, UD Truck's Manufacturing Division strives to ensure that all of the Company's products fully satisfy customers by having all production plants worldwide follow in-house production quality management processes and meet targets for quality. Given the critical importance of highly skilled personnel for quality management at these plants, the division regards human resources development as integral to product manufacturing, and provides employees with comprehensive training programs.

Employees at production plants actively participate in quality control circles, which have led to the introduction of many devices and techniques for preventing mistakes on production lines. These circles have also identified problems and challenges for workers while making various improvements involving the adoption of renewable energy and low-cost methods for reducing environmental impacts, as well as the creation of simple systems and mechanisms. A quality control circle representing the Company participates in a competition held by the Union of Japanese Scientists and Engineers each year. The circle in the 2021 competition was awarded a silver medal, demonstrating the Company's high standards of quality.



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## Sustainability Activities

To ensure that its quality management evolves in step with next-generation products and to offer higher technical specifications, the Manufacturing Division is stepping up its development of advanced production systems incorporating the latest digital technologies. For example, it has installed a real-time monitoring system for product quality management and equipment maintenance. It has also developed an app for facilitating communication and promoting teamwork among personnel involved in quality management.

### Improving the skills of aftermarket service staff

UD Trucks strives to maintain and raise the quality of its aftermarket services by organizing events that enhance the skills of staff handling repair work, parts procurement, and front-office duties at its service centers. Among these events, the Company's annual Uptime Conference provides aftermarket service staff across Japan with technical support and quality-related information about new products. At the event, best practices are shared and discussions held not only among staff on the front lines of aftermarket services, but also members from the Company's divisions in charge of product development, manufacturing, procurement, and logistics.

Another event is the UD Gemba Challenge, a skills competition for aftermarket service teams from around the world. Held every two years, the event spans over a period of about six months, during which team members learn and demonstrate practical skills that are frequently required on the job. By taking on new challenges, the participants gain new knowledge and technical expertise. In 2022, 2,161 employees of the UD Trucks Group worldwide participated in the competition.

### Reporting on vehicle defects resulting in recall or requiring improvement or servicing

In the event of a vehicle defect that could potentially affect customer safety or the environment, UD Trucks promptly discloses all relevant information in accordance with guidelines issued by Japan's Ministry of Land, Infrastructure, Transport and Tourism.

#### Number of vehicle defects reported in Japan

	2020		2021		January–March 2022		April 2022–March 2023	
	UD Trucks	Volvo Trucks	UD Trucks	Volvo Trucks	UD Trucks	Volvo Trucks	UD Trucks	Volvo Trucks
<b>Defects resulting in recall</b>	8	1	17	1	3	0	4	1
<b>Defects requiring improvement</b>	0	0	0	0	0	0	0	0
<b>Defects requiring servicing</b>	0	1	3	3	1	0	5	2

#### Note on the reporting periods

The results above were reorganized due to a change in the Company's fiscal year period from the calendar year prior to 2022 to the April-to-March period effective from April 1, 2022.

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## Sustainability Activities

### Supporting our customers

#### Eco-driving and safe-driving seminars

UD Trucks has been holding eco-driving and safe-driving seminars for truck drivers since 2007. The eco-driving seminars are designed to equip drivers with practical skills and knowledge about how to improve fuel efficiency while driving. During the seminars, truck drivers learn and practice fuel-saving techniques for maneuvering and decelerating. The seminars also make use of the Company's telematics service, a wireless communications system for collecting and analyzing data on a truck's location and movements, enabling evaluations of vehicle speed, gear changing, and other driving-related factors. Participants have found this to be very insightful and helpful for understanding their driving habits and making improvements accordingly.

The safe-driving seminars cover a broad range of topics, including safe management systems for transport

#### Number of seminars held annually and participants

	2020		2021		July 2022 to March 2023	
	Seminars	Participants	Seminars	Participants	Seminars	Participants
Eco-driving seminars	10	288	29	464	67	1,577
Safe-driving seminars	46	2,053	119	7,012	129	2,961

operators, the dangers of driving under the influence of alcohol, blind spots, preventing common accidents, defensive driving, and reducing human error. The programs combine lectures with hands-on training so that drivers can immediately acquire practical skills. Videos of actual accidents taken with drive recorders are also used to give participants a better sense of how accidents happen.

#### Prompt customer service

UD Trucks has established a customer service call center made available with a toll-free telephone number for customers to ask questions, provide feedback and make requests. It has also prepared a guidebook explaining responses to all foreseeable inquiries to help the center's phone operators effectively deal with customer inquiries. The center's procedures and operations are regularly reviewed to ensure that it continues to provide prompt and helpful customer service. During the 12-month period from April 2022 to March 2023, the center handled a total of 3,952 calls, in line with the 3,925 calls handled in 2021.

### Partnering with independent dealers

#### Building good relations with independent dealers through information sharing and technical support

In addition to its own network of dealers, UD Trucks supplies products and services to customers through six companies that operate a total of 32 independent dealerships in Japan. UD Trucks implements a variety of initiatives aimed at building solid relations with these dealerships while working closely with them towards the common goal of improving customer satisfaction. Among these initiatives, the Company invites these dealerships to meetings about its management policies and industry trends. It also shares information about its business activities and products by issuing a monthly magazine for its dealerships and holding product presentations.

With the goal of improving the quality of aftermarket services, UD Trucks invites the entire dealer network, regardless of whether dealers are independent or not, to training programs and events designed to help them acquire more skills and the latest expertise. As a result, many maintenance and service staff from these independent dealerships participate in the Company's Uptime Conference and UD Gemba Challenge (see page 16) each year.

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## Sustainability Activities

### Better for the Planet



UD Trucks is taking steps to significantly reduce CO<sub>2</sub> emissions and eliminate waste. Accordingly, the Company is making use of renewable energy sources and reducing the CO<sub>2</sub> footprint of its products and workplaces, while collaborating with suppliers to reduce environmental impacts across the entire value chain.

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## Sustainability Activities

### Towards decarbonization

#### Reducing CO<sub>2</sub> emissions across business activities

In line with its Better Life purpose, UD Trucks regards decarbonization as an important challenge and, therefore, takes proactive steps to reduce CO<sub>2</sub> emissions throughout its operations. Since its production plants, in particular, consume large amounts of energy, the Company has been streamlining manufacturing processes and centralizing production lines and equipment, to reduce overall energy usage and associated CO<sub>2</sub> emissions. To accelerate these efforts, the Company's Ageo Plant has been improving productivity, purchasing electricity from renewable sources, installing LED lighting systems equipped with motion detectors for automatically turning off lights, switching to electric vehicles and forklifts while decreasing the total number of its vehicles, and upgrading to more efficient equipment in general. Outside Japan, UD Trucks has installed solar panels on the rooftop of its Bangkok Plant, and is planning to install panels at other production facilities in the future.

Looking ahead, as a member of the Isuzu Group, UD Trucks aims to reduce CO<sub>2</sub> directly emitted from its business activities to zero by 2050 in accordance with Isuzu Environmental Vision 2050. To achieve this goal, the Company is currently executing an environmental roadmap extending up to 2030.

#### Purchasing electricity from renewables

The Ageo Plant has been purchasing electricity derived from renewable energy sources since May 2019, and

increased the amount from these sources in 2022. By using electricity from renewables instead of non-renewable sources, the plant effectively reduced its CO<sub>2</sub> emissions by 1,060 tonnes in 2022.

In addition, the Company's training center, which is adjacent to the Ageo Plant, concluded an agreement in September 2022 to purchase electricity entirely from net zero carbon sources.

#### Installing LED lighting and efficient equipment

The Company's Ageo Plant and headquarters replaced obsolescent lighting equipment with about 16,000 LED lights between 2020 and 2022, and reduced the total number needed by about 1,500 lights by optimizing lighting layouts. This initiative will help reduce CO<sub>2</sub> emissions and cut down on waste since the LED lights last a comparatively longer time until replacement is necessary.

#### Upgrading boilers

UD Trucks installed three new energy-efficient boilers at its Ageo Plant in December 2022. By using these boilers, the plant expects to reduce its energy consumption in the following fiscal year.

#### Adopting on-site solar power

In June 2022, UD Trucks Thailand installed a solar power system on the rooftop of its Bangkok Plant with capacity to generate 1,477 megawatt hours annually. Consequently, around 25% of all energy consumed by the plant now comes from renewables, and its CO<sub>2</sub> emissions can be reduced by approximately 700 tonnes per year.



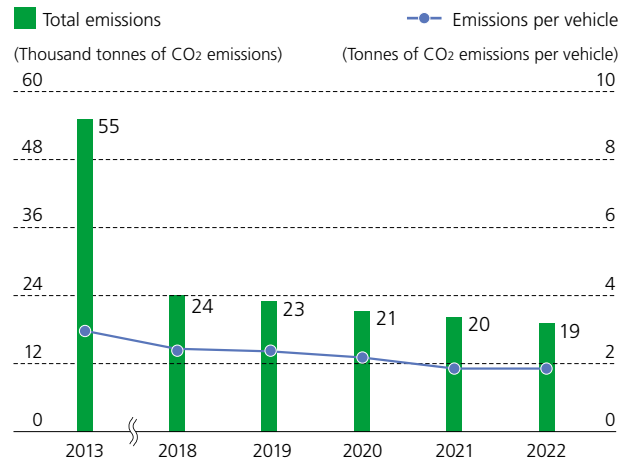
#### Saving energy with heat reflective paint

In April 2022, solar heat reflective paint was applied to the roof and exterior walls of the Gunma Parts Distribution Center, the largest of the Company's four parts distribution facilities in Japan. Consequently, the indoor temperature decreased by as much as 10.5°C during the summer. This led to a 10% reduction in annual electricity consumption, and helped the center improve the workplace environment by keeping the average temperature below 30°C.

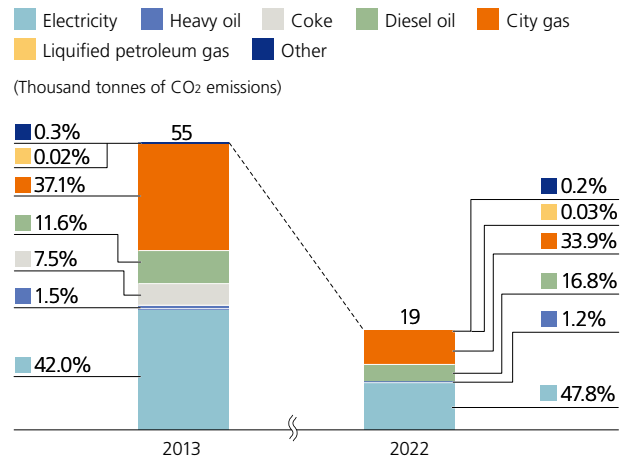


## Sustainability Activities

### CO2 emissions



### CO2 emissions by energy source



### Scope of operations

Amounts shown in the graph are combined results from the Ageo Plant and Gunma Parts Distribution Center from 2018 to 2022, and include results from other facilities in 2013.

## Reducing CO2 emissions over the product life cycle

UD Trucks assesses and works to reduce CO2 emissions across the entire life cycle of its vehicles, from raw materials procurement through to the disposal and recycling of parts and components. The Company places great importance on these initiatives in consideration of the fact that commercial-use trucks account for about 7% of total CO2 emissions from all industries in Japan (according to the Ministry of Land, Infrastructure, Transport and Tourism), as well as the Japanese government's goal to reduce emissions under its Green Growth Strategy.

### Life cycle assessments

UD Trucks has been contributing to the formulation of guidelines on life cycle assessment (LCA) methods (including calculation methods) in Japan's auto industry as a member of a subcommittee set up by the Japan Automobile Manufacturers Association in 2021. The Company also set up its own LCA working group comprised of members from relevant divisions. Tasked with raising and solving environmental issues, this group has been meeting periodically to review progress, share information, and specify responsibilities while collecting and analyzing data.

### Measures for reducing CO2 emissions at each stage of the product life cycle

#### ● Development and design

Recognizing that the majority of CO2 emissions occur during the usage stage of its trucks, UD Trucks has been focusing on leading-edge technological development aimed at reducing the emissions at this stage of the product life cycle.

#### ▶ Developing technologies for improving fuel efficiency

The fuel that trucks burn is not only a major expense for commercial vehicle operators but also a source of CO2 emissions, which is a major contributing factor to climate change. For that reason, UD Trucks has been improving the fuel efficiency of its trucks for decades, and regards these efforts as one of its most important environmental initiatives. In Japan, trucks and buses will need to improve their fuel efficiency by an average of 13.4% by 2025 under new fuel efficiency standards enacted in 2019 (compared with the standards introduced in 2015). Demonstrating its commitment to better fuel efficiency, UD Trucks met these standards well ahead of time with an 11-liter engine-powered Quon heavy-duty truck model released in July 2022, followed by its GW 6x4 heavy-duty tractor with a 13-liter engine in April 2023.

**Related:** Improving the environmental performance of Quon heavy-duty trucks (see page 12)



The Quon's 11- and 13-liter engines contribute to better fuel efficiency

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## Sustainability Activities

### Major technologies applied in heavy-duty trucks

<b>Vehicle</b>	<ul style="list-style-type: none"> <li>● Nenpi Coach system for advising drivers on fuel-efficient driving</li> <li>● Foretrack function for predicting the road ahead based on scanned data</li> <li>● Aerodynamic designs including front bumper-fitted air dams and newly developed wind deflectors</li> </ul>
<b>Engine</b>	<ul style="list-style-type: none"> <li>● Newly designed combustion chambers</li> <li>● Multi-stage fuel injection system</li> <li>● Electronically controlled variable-speed oil pump</li> <li>● Designed to use less engine oil</li> </ul>
<b>Power train</b>	<ul style="list-style-type: none"> <li>● Direct-shift transmission</li> <li>● ECO mode cruise control</li> </ul>

### ► Developing next-generation technologies

UD Trucks develops its products in accordance with its roadmap for innovation, "Fujin & Raijin. Vision 2030.," launched in 2018. One of the goals of this roadmap is to mass produce electric trucks by 2030. The Company has been accelerating its research and development of hybrid electric, battery electric, and fuel cell electric vehicles in addition to internal combustion engines that burn low-carbon fuel. In these ways, it is exploring diverse solutions for decarbonization in preparation for anticipated market trends, changes in environmental regulations, and new energy-related infrastructure in the countries where it sells vehicles.

### ● Logistics

UD Trucks focuses on reducing CO<sub>2</sub> emissions from the shipment of parts and materials from suppliers to its production plants in Japan, Thailand, and South Africa, and from the transport of its new vehicles and parts to dealers. Since leaving the Volvo Group in 2021, the Company has been building its own logistics network and setting up cross-docking\* operations in China, India, and Thailand. At the same time, it has been reducing the number of trucks and shipping containers it uses each year by improving the utilization rate of truck and container capacity.

As a member of the Isuzu Group, UD Trucks has integrated its parts warehouse in Dubai, UAE, with a logistics warehouse operated by the Group. It has also begun joint shipments in Japan with the Isuzu Group, including shipments to domestic airports of parts for export and transport of parts to the Kyushu Parts Distribution Center.

Through all of these initiatives, UD Trucks has been reducing energy consumption and raising transportation efficiency across its logistics operations.

\* Cross-docking is a process by which various products are received and then promptly sorted and shipped according to orders by a distribution docking terminal, instead of being stored in bulk at a conventional logistics center.

### ● Sales and aftermarket services

UD Trucks organizes eco-driving seminars for truck drivers in every region of Japan on a regular basis. The seminars help drivers acquire practical skills and awareness of how to maximize fuel efficiency when on the road.

**Related** [Eco-driving and safe-driving seminars \(see page 17\)](#)

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## Sustainability Activities

### Waste reduction

#### Reducing waste at the production and disposal stages

The final disposal of a truck at a service center’s site accounts for the largest amount of waste matter during the product life cycle. For that reason, UD Trucks has established its own waste-management system and created waste sorting management standards for all of its service centers in 2014. In accordance with the standards, each service center has installed disposal facilities and properly sorts waste materials during truck disassembly and disposal. In addition, the Company delivers service parts in returnable packages to the centers to facilitate the reuse of materials, and designs the packaging materials as simply as possible to help reduce waste.

UD Trucks looks for ways to make disassembly work easier and use resources more efficiently starting from

the product development stage. For example, bumpers are designed to be simply disassembled into three components, headlights can also be easily dissembled into interchangeable lens and LED units, and fenders are made from recyclable materials.

At the production stage, UD Trucks works to reduce and recycle waste matter with the goal of minimizing the amount of waste it disposes in landfills. As a result of these efforts, it has kept the proportion of landfill waste to total waste generated at this stage under 1% for several years.

Aiming to improve its waste management system, UD Trucks partnered with a company that specializes in waste disposal in April 2015. Through this partnership, UD Trucks has been using only highly reputable disposal firms, administering and submitting all necessary reports to

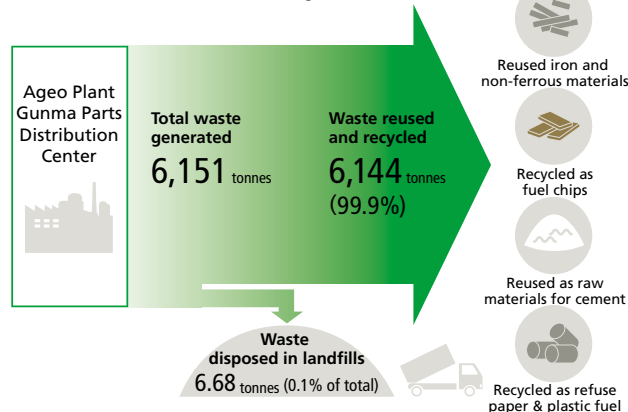
government agencies, and keeping records on the amount of waste disposed in order to strictly comply with relevant laws and regulations.

In addition, UD Trucks separates recyclable items from trash disposed at its workplaces by setting up recycling stations and explaining sorting criteria to all employees.

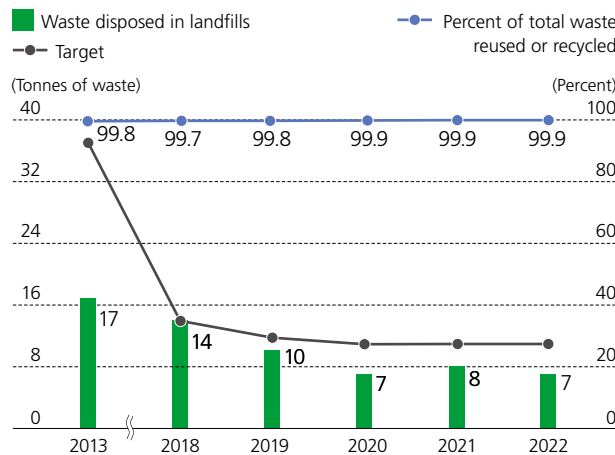
#### Compliance with the Automobile Recycling Law

UD Trucks collects automobile shredder residue, air bags, and fluorocarbon from end-of-life vehicles for recycling, in accordance with Japan’s Automobile Recycling Law, which went into effect in 2005.

#### Total waste reused and disposed in 2022



#### Amount of total waste disposed and percent reused or recycled



#### Scope of operations

Amounts shown in the graph are combined results from the Ageo Plant and Gunma Parts Distribution Center from 2018 to 2022, and include results from other facilities in 2013.

## Sustainability Activities

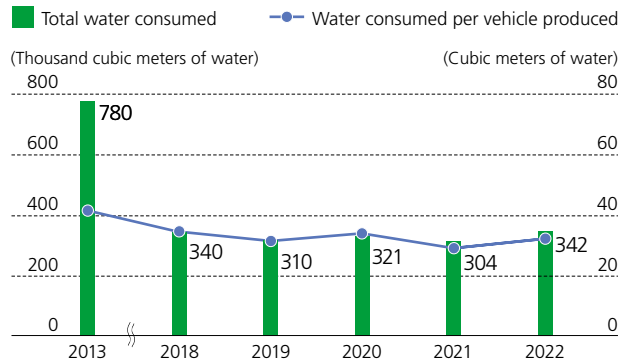
### Conserving water and preventing pollution

#### Reducing water consumption and strictly managing water and air pollutants

UD Trucks carries out routine measures to reduce the amount of water used in its operations. For example, it periodically inspects and cleans water-consuming equipment, checks for leaks, and promptly repairs equipment if leaks are discovered.

At the same time, the Company implements strict measures to prevent pollution of the air and nearby bodies of water. Specifically, it restricts the discharge of pollutants at levels lower than regulatory requirements, and regularly cleans and maintains relevant equipment.

#### Water consumption



#### Scope of operations

Amounts shown in the graph are combined results from the Ageo Plant and Gunma Parts Distribution Center from 2018 to 2022, and include results from other facilities in 2013.

#### Pollutants discharged by the Ageo Plant over a 12-month period

Water pollutants	Items measured	Measurement unit	Regulatory limit	Highest amount measured	Lowest amount measured	Average amount
	Total wastewater	m <sup>3</sup> /Day	—	8,594	0	935
	pH	—	5.8–8.6	7.6	6.9	7.3
	Biochemical oxygen demand	mg/L	25 (20)	2.8	1.3	2.0
	Chemical oxygen demand	mg/L	160 (120)	5.8	2.8	4.0
	Suspended solids	mg/L	60 (50)	<5	<5	<5
	n-hexane	mg/L	5	<2.5	<2.5	<2.5
	Phosphorous	mg/L	8	0.5	<0.1	0.3
	Nitrogen	mg/L	120 (60)	3.5	1.2	2.0
	Zinc	mg/L	2	0.2	<0.1	0.125
	Fluorine and compounds	mg/L	8	<0.8	<0.8	<0.8

Air pollutants	Emitting equipment	Items measured	Measurement unit	Regulatory limit	Highest amount measured	Lowest amount measured	Average amount
	Drying furnace	Nitrogen oxide	ppm	230	19	13	16
		Particulate matter	g/m <sup>3</sup> N	0.2	0.003	<0.001	0.001

#### Pollutants discharged by the Gunma Parts Distribution Center over a 12-month period

Water pollutants	Items measured	Measurement unit	Regulatory limit	Highest amount measured	Lowest amount measured	Average amount
	Total wastewater	m <sup>3</sup> /Day	—	13.9	0	3.8
	pH	—	5.8–8.6	7.4	6.5	6.8
	Biochemical oxygen demand	mg/L	80	7.8	3.6	5.9
	Suspended solids	mg/L	20	9.0	1.0	3.7
n-hexane	mg/L	1	<0.5	<0.5	<0.5	

Air pollutants	Emitting equipment	Items measured	Measurement unit	Regulatory limit	Highest amount measured	Lowest amount measured	Average amount
	Three heavy oil boilers	Nitrogen oxide	ppm	180	61	47	55
		Particulate matter	g/m <sup>3</sup> N	0.2	<0.001	<0.001	<0.001

Notes: Figures in parentheses are daily average limits.



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## Sustainability Activities

### Chemical substance management

#### Managing chemicals contained in products

UD Trucks strictly manages the chemical substances used in its products, specifically those included in the Global Automotive Declarable Substance List, in accordance with industry standards and laws concerning the production, import, management, and recycling of chemical substances. The Company manages such substances both before and during manufacturing.

At the product development and design stage, UD Trucks determines what chemical substances will be used at the manufacturing stage, including chemicals used by suppliers. It then registers relevant data with the International Material Data System, a database jointly managed by automobile manufacturers worldwide.

At the production stage, UD Trucks reports to the government each year on its usage of chemicals subject to Japan's Pollutant Release and Transfer Register, which is a system for restricting and controlling the discharge of designated chemicals into the environment, and complies with revisions to relevant laws or regulations. The Company has also established its own standards for

managing chemical substances, and takes steps to reduce its usage of harmful substances such as volatile organic compounds (VOCs).

#### Reducing VOC emissions through a more efficient painting process

As a member of the Isuzu Group, UD Trucks has been working to increase the performance of its Ageo Plant by benchmarking it against plants operated by Isuzu Motors. As part of these efforts, the Ageo Plant adopted Isuzu's process for painting truck cabs in October 2022 as a means to reduce the amount of topcoat, which emits environmentally harmful VOCs. Because this process is more efficient, the topcoat can be applied just once instead of twice as previously required. As a result, the plant has reduced the amount of paint usage per vehicle by over 30%, thereby substantially lowering emissions of VOCs.

#### Regulated chemical substances handled at the Ageo Plant in 2022 (Substances included in Japan's Pollutant Release and Transfer Register)

Kilograms per year

Regulation number	Chemical substance	Total volume handled	Discharged			Transferred as waste matter	Disposed or treated	Recycled	Included in finished products
			to atmosphere	to water	to soil				
1	Zinc (water-soluble compounds)	1,062	0	11	0	0	308	0	743
53	Ethylbenzene	16,849	6,600	0	0	0	2,066	8,130	0
80	Xylene (water-soluble compounds)	30,820	9,347	0	0	0	2,208	18,970	0
296	1,2,4-Trimethylbenzene	2,866	1,682	0	0	0	811	0	0
297	1,3,5-Trimethylbenzene	4,278	631	0	0	0	116	3,463	0
300	Toluene	6,647	4,874	0	0	0	1,179	119	0

Note: Amounts for total volume handled, discharged, transferred, disposed or treated, recycled, and included in finished products are equivalent weights of metal.

#### PCB contaminated items\* stored at the Ageo Plant in 2022

	Items with high concentrations	Items with low concentrations	Total weight**
Ballasts	1,240kg	0kg	1,240kg
Transformers	0kg	0kg	0kg
Crossing gates	0kg	0kg	0kg
Insulating oil	0kg	0kg	0kg
Wiping cloths and other contaminated materials	0kg	0kg	0kg
Condensers	20kg	0kg	20kg
<b>Total</b>	<b>1,260kg</b>	<b>0kg</b>	<b>1,260kg</b>

\* PCB contaminated items have been registered with the Japan Environmental Storage & Safety Corporation (JESCO).

\*\* Weights of some items include estimates.

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## Sustainability Activities

### Environmental management system

#### Environmental policy

At UD Trucks, environmental activities are an important part of our efforts to provide logistics solutions that help communities flourish, and to fulfill our Better Life purpose. Our environmental activities are based on the following principles.

- We shall work to contribute to sustainability and the success of our customers by continually reducing environmental impacts across the entire product life cycle.
- Each of us shall responsibly consider the environment wherever we conduct our business, and build trust with stakeholders based on our values.
- All of us shall work together to raise awareness of environmental impacts and regulations, help build a circular economy, and enhance the Company's environmental track record.

### ISO 14001 certification acquired group-wide

UD Trucks complies with the ISO 14001 international standard for environmental management systems. The Ageo Plant first acquired ISO 14001 certification in 1998, followed by the Company's Product Development Division in 2002, and other divisions thereafter. All certified workplaces then completed the transition to the revised ISO 14001:2015 standard by 2018. Outside Japan, the certification has been acquired by the Bangkok Plant in Thailand and the Pretoria Plant in South Africa. Leveraging the benefits of this group-wide environmental management system, UD Trucks is currently working to achieve the objectives and targets of its environmental action plan.



#### Environmental management organization



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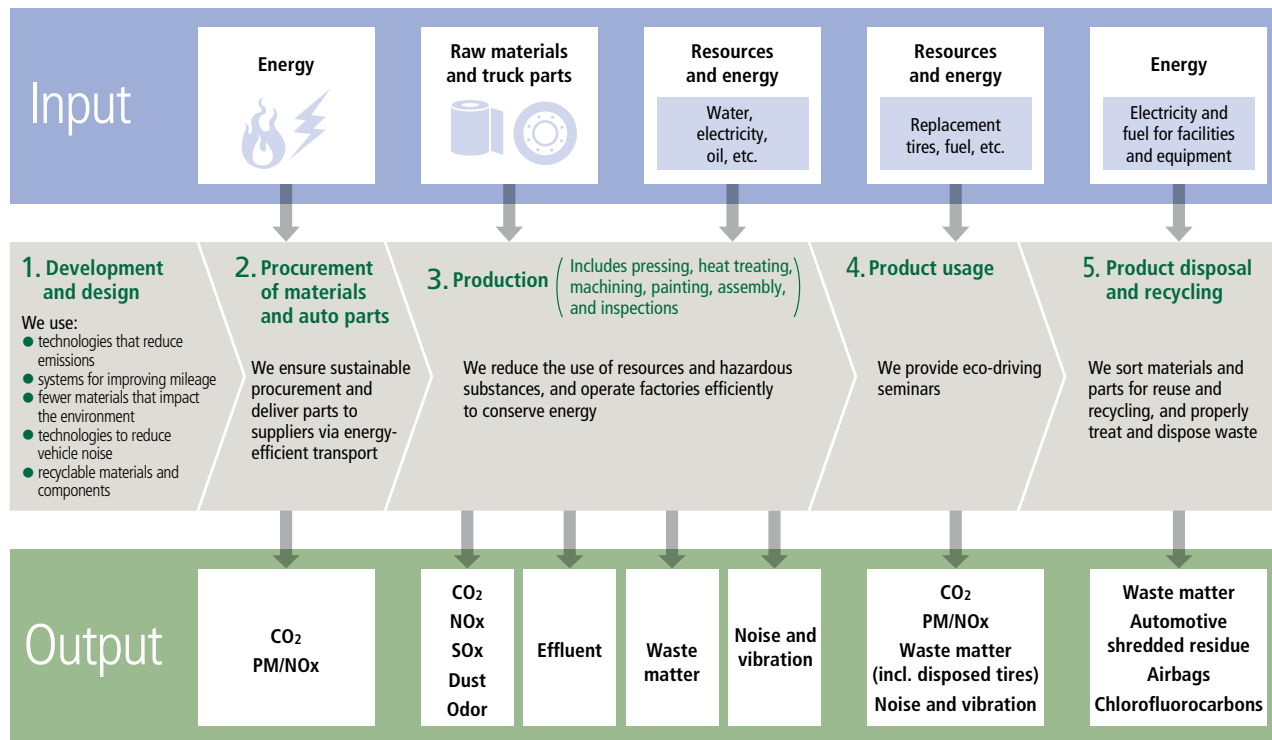
## Sustainability Activities

### Auditing of environmental management system

As a rule, UD Trucks conducts an internal audit of its environmental management system every year to ensure that it functions effectively. During the audits, a team of qualified audit committee members verify and evaluate

whether the system is being properly implemented and complies with company rules as well as relevant environmental laws and regulations. Likewise, the environmental management system is audited every year by a third party in order to maintain ISO certification.

### Material flow



### Main environmental impacts

#### Input

	2022
Total energy used (GJ)	412,038
Electricity consumption (GJ)	227,151
LPG (GJ)	99
LNG (GJ)	0
Municipal gas (GJ)	133,744
Other energy sources (GJ)	51,044
Raw materials	
Steel (t)	4,967
Water usage (thousands m <sup>3</sup> )	342

#### Output

	2022
Greenhouse gases (t-CO <sub>2</sub> )	19,209
Disposed waste matter (t)	2,460
Landfill waste (t)	7
Valuable resources (t)	3,798
Recycled resources (t)	
Ratio of automotive shredder residue recycled (%)	97.4
Ratio of airbags recycled (%)	94.8
VOC emissions (t)	52
Wastewater (thousands m <sup>3</sup> )	336

#### Scope of operations

Amounts shown in the tables are combined results from the Ageo Plant and Gunma Parts Distribution Center. The amounts for recycled resources are disclosed in accordance with Japan's Automobile Recycling Law.

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## Sustainability Activities

### Better for People



UD Trucks strives to help employees improve their well-being while fostering a workplace culture that values inclusion, personal development, and a healthy work-life balance. All employees are encouraged to make the most of their abilities and given the opportunity to grow professionally.

UD Trucks also works closely with stakeholders in a wide range of community outreach initiatives, with a focus on road traffic safety seminars for local schools and disaster relief.

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## Sustainability Activities

### Fostering a workplace in which inclusion is valued and individuals can make the most of their abilities

#### Promoting diversity and inclusion in the workplace

For UD Trucks, the diversity of its employees is what makes the Company unique and will be crucial for its growth journey going forward. It aims to cultivate a culture in which each employee can play a part in making changes that ultimately improve the workplace. Toward this end, the Company maintains a fair and inclusive work environment by raising awareness among employees about all forms of discrimination, including those based on age, ethnicity, gender, sexual orientation, and religion.

To promote diversity and inclusion, the Company has been holding D&I Week every year since 2014, which features many events aimed at raising awareness. On the occasion of International Women's Day on March 8, 2023, the Company hosted panel discussions with executives along with seminars for women on various topics, such as taking the initiative in the workplace and career development.

#### Fostering an inclusive workplace regardless of gender identity and sexual orientation

To further promote gender equity and the empowerment of women, a network has been created inside the Company to support female employees by organizing interactive events and lectures. In 2022, an online panel discussion on LGBTQ+ issues was held during D&I Week, with 522 employees attending globally. The Company's internal guidelines and regulations have also been updated with gender-neutral language to make them more inclusive.

In 2023, UD Trucks received Eruboshi certification from Japan's Ministry of Health, Labour and Welfare in recognition of its outstanding efforts to promote the success of women in the workplace. The Company received the highest level of certification by meeting all five evaluation criteria, specifically the employment rate of women, average length of their employment, working hours and conditions, percentage of women in management, and the diversity of their career options. The certification program is based on Japan's law for promoting women's workplace participation and advancement.

#### Promoting employment of people with disabilities

To provide an inclusive and fair working environment for people with disabilities, UD Trucks holds training sessions and seminars aimed at deepening the understanding of all employees.

In May 2022 and June 2023, sign language classes taught by employees with hearing impairments were held at the Company's headquarters.



Eruboshi certification mark

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## Sustainability Activities

### Promoting job-based employment

In 2015, UD Trucks abolished the seniority system traditionally practiced in Japan and adopted a job-based employment system with the aim of promoting diverse work practices. At the same time, the Company began recruiting new graduates according to specific job positions. In these ways, management has been more accurately matching the abilities and career plans of

employees with their actual work.

The Company has also been using its internal job posting system, which it introduced in 2011, to provide fair employment opportunities to all employees. This transparent system allows individuals to pursue their career aspirations regardless of their region, workplace, or personal attributes.

### Fostering results, growth, and trust through dialogue

At UD Trucks, leaders and team members regularly engage in dialogue about a wide range of matters, such as setting work priorities, confirming progress, proposing improvements, and developing skills. Through such discussions and feedback, workplaces not only achieve results but also foster personal growth and build trusting relationships.

Towards these ends, the Company has been taking steps to facilitate internal communication, such as holding workshops on effective ways of giving and receiving feedback. It also regularly provides training sessions on setting goals and creating individual development plans.

#### Employee data (as of April 1, 2023)

##### In Japan

###### ● Number of employees

6,203

5,716 males 487 females

###### ● Number of managers

1,000 males 59 females

###### ● Numbers of hires in 2022

New graduates 190  
Mid-career 373

###### ● Number of nationalities

30

Australia, Bangladesh, Brazil, Canada, China, England, France, Germany, India, Indonesia, Ireland, Italy, Japan, Malaysia, Myanmar, Nepal, Pakistan, Peru, Russia, Senegal, Singapore, South Korea, Sri Lanka, Sweden, Thailand, the Philippines, Ukraine, United States, Uzbekistan, and Vietnam

##### Overseas

###### ● Number of employees

2,130

1,591 males 539 females

###### ● Number of nationalities

28

Australia, Belgium, Bosnia, Brazil, China, Columbia, Egypt, England, France, Germany, India, Indonesia, Japan, Malaysia, Morocco, Myanmar, Netherlands, Peru, Portugal, Singapore, South Africa, South Korea, Sweden, Thailand, the Philippines, Turkey, United Arab Emirates, and United States

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## Sustainability Activities

### Helping employees continuously learn and grow

With its ample training facilities and learning management systems, UD Trucks provides a wide range of training programs to facilitate active learning and self-development among employees. These systems and programs are designed to develop skills across four areas specified by the Company as key to its business: leadership, business acumen, new technology, and entrepreneurship. This enables employees to develop and refine their expertise and capabilities while acquiring the skills they need not only for their current jobs but also for the future.

#### Leadership development programs

UD Trucks offers a variety of programs for developing leaders, including programs tailored to differing levels of responsibility, as well as programs designed for specific leadership roles. Recently, employees from Japan, China, India, Thailand, Singapore, the United Arab Emirates, and South Africa have been participating in a self-discovery leadership program based on the Company's global self-directed learning method.

## Occupational health and safety

### Measures to prevent the spread of COVID-19

UD Trucks places the highest priority on ensuring the health and safety of its employees. After the first outbreak of COVID-19 in 2020, the Company initiated various measures to help employees stay safe and prevent infections. Among them, it frequently monitored the health of employees, mandated mask wearing and use of hand disinfectant, and prohibited close-contact situations and crowded gatherings in poorly ventilated spaces. To help enforce these rules, the Company issued guidelines on workplace behavior and COVID-19 countermeasures. Based on the guidelines, body temperature was checked when employees entered buildings, masks were mandatory in offices and cafeterias, seats were adequately spaced, transparent partitions were set up between desks, door handles were regularly disinfected, and limits were set on the number of people using meeting rooms. The Company also encouraged employees to take advantage of the telecommuting system it had in place so they could work safely from home.

In July 2021, UD Trucks began offering vaccines to employees at its headquarters in Japan, and provided support for employee vaccinations in other countries where it operates, including South Africa, Thailand, India, and China.

Following Japan's downgrading of COVID-19 to the status of the seasonal flu in May 2023, UD Trucks began easing the measures it had in place while closely monitoring ongoing trends.

### Helping employees manage stress

UD Trucks routinely provides stress assessments in the workplace to help employees manage stress. Employees are encouraged to meet with physicians or counselors if their results indicate high stress levels, and their job responsibilities may be reduced based on the advice of the physicians.

### Annual checkup events for employees

In 2022, UD Trucks began offering onsite health checkup events for employees at its headquarters and Ageo Plant as a means to help them stay in good health and prevent illness. The checkups include measurements of physical strength, vascular age, and bone density, and the results are explained by professional counselors, who also offer advice on healthy lifestyle habits. In 2023, devices for measuring and displaying vegetable intake were deployed. The number of employees attending the events totaled 204 in 2023 after being limited to 117 in 2022 due to COVID-19 restrictions.

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## Sustainability Activities

### Creating better working conditions

To help employees maintain a healthy balance between their working and personal lives, UD Trucks has established the following systems and policies.

#### Main systems and policies related to work-life balance

- **Annual paid holiday system (hourly units)**
- **Childcare and nursing care leave systems**
  - ▶ Maternity leave (with reduced pay)
  - ▶ Paternity leave (with reduced pay)
  - ▶ Childcare leave
  - ▶ Nursing care leave
- **Family care leave system**

Allows accumulated unused annual paid holidays to be used for treatment of injuries and illness, nursing care, childcare, paternity leave, and infertility treatment
- **Telecommuting system with no restrictions**
- **Flextime system with no core working hours**
- **Dignity at work policy on preventing harassment and related e-learning program**
- **Workplace rules concerning diversity**

Rules for equal and fair treatment regardless of gender, age, nationality, job position, etc.

### Employees using childcare and nursing care leave systems

April 1, 2022, to March 31, 2023

#### ● Employees taking childcare leave

	Eligible employees	Number taking leave	Percentage taking leave
Men	145	83	57%
Women	7	7	100%

Note: Results comply with relevant guidelines of Japan's Ministry of Health, Labour and Welfare

#### ● Employees taking nursing care leave

1

#### Message from an employee

### "Childcare leave gave me precious time to care for my son."

**Shinichi Makino** Product designer, Product Development Division

I took four months of childcare leave because I really wanted to help take care of my son soon after he was born. I also believe that more fathers should take childcare leave. In my workplace, everyone is open to taking childcare leave as well as time off in general. When I asked to take the leave, my manager was very supportive and encouraged me to do so.

During my time off, I helped take care of my son, from giving baths to changing diapers. I had precious time to spend with him at home as well as take him to meet the grandparents.

I heard from a childcare support center that men usually get no longer than a month for childcare leave in Japan. Therefore, rather than just focusing on raising the percentage of men who take childcare leave, I think it is important to allow men to take leave for longer periods. By doing so, UD Trucks would become an even more attractive company to work for.





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## Sustainability Activities

### Engaging with communities

#### Road safety instruction for elementary school students

In Saitama, where UD Trucks is based, traffic accident prevention is regarded as a major issue, especially since the prefecture has one of the highest numbers of fatal road accidents involving medium- and heavy-duty trucks in Japan. Therefore, improving vehicle safety and raising awareness of traffic safety among pedestrians are essential measures for reducing road accidents.

Recognizing its responsibility as a truck manufacturer to help prevent traffic accidents, UD Trucks has been conducting a traffic safety program for elementary school children at its UD Experience Center test course in the city of Ageo, Saitama, since 2016. The Company makes the most of its expertise, facilities, and employees, who help run the program, and develops its own curriculum with assistance from the city's education board regarding teaching methods, materials, and targeted school grades. The program is unique for having the school children participate in activities that use actual heavy-duty trucks to demonstrate their blind spots and the space required when turning corners (specifically the different arcs taken by the front and rear wheels). The children are also given an opportunity to sit in the driver's seat of a truck to observe what drivers can actually see outside. Teachers participating in the activities continuously express their appreciation, saying that experiencing the trucks firsthand creates a much more lasting impression on the children than just watching a video, and climbing aboard the trucks was a fun and valuable learning experience.

Although the program was scaled back following the outbreak of COVID-19 in 2020, with participants limited to groups of 20 children per session, a total of 2,607 children and 232 employees have participated as of December 31, 2022.



#### Introducing disaster relief trucks

Natural disasters such as floods, landslides, and droughts are expected to become more severe and frequent due to climate change. In Ageo, Saitama, employees witnessed a flood first-hand in 2019 when a major typhoon caused the nearby Arakawa River to overflow, resulting in serious damage and the evacuation of around 1,000 residents. The Company then began considering how it could use its products and human resources for disaster relief measures and reconstruction.

This led the Company to modify a Kazet light-duty truck into a disaster relief vehicle that can provide evacuees with private spaces, which are difficult to secure in community evacuation centers during times of disaster.

Indeed, evacuees are said to experience additional mental and physical strain due to a lack of privacy. The truck's cargo space contains two private rooms: an infant care room where mothers can change diapers and breastfeed, and a room for caring for the elderly and people with physical disabilities. The rooms are equipped with an air conditioner, refrigerator, and sink, with electricity provided by a solar panel, diesel generator, and high-capacity battery. The electricity can also be used to charge mobile phones and batteries, which are essential for emergency communications.

In addition, the Company provides a flat-bed truck for transporting disaster preparation supplies, such as sandbags.



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## Sustainability Activities

### Sponsoring the Ageo City Half-Marathon

UD Trucks has been supporting the Ageo City Half Marathon as a local sponsor since 2013. Held every autumn, the marathon has long been a popular local event in the city, with over 7,000 runners participating each year. After being suspended for two years due to COVID-19, the race was held again in November 2022. UD Trucks offered original tumblers and cookies to children participating in the race, and distributed items to runners from its booth. It also provided three buses for runners to rest in after finishing their leg of the race. More than 70 employees ran in the 2022 marathon.



### Helping promote community-based sports

In 2022, UD Trucks acquired the naming rights for the Ageo Municipal Baseball Stadium, helping fund the city's plan to promote sports as a means to activate communities and improve quality of life for local residents. Recognizing that this plan aligns with its commitment to making life better for people in line with its Better Life purpose, the

Company acquired the rights and named the facility UD Trucks Ageo Stadium.

Besides being used for local events, the stadium hosts the prefectural qualifiers for the annual National High School Baseball Championship and professional minor league baseball games, which many city residents attend. As the naming rights holder, the Company has been working with the city government to explore new ways of using the facility to bring more dynamism to the community. For example, it jointly sponsored a baseball game between two minor league teams in May 2023, attracting a large number of spectators.



### Teaching high school students about sustainability

In November 2022, UD Trucks along with 10 other companies based in the city of Ageo participated in a seminar on the UN Sustainable Development Goals (SDGs) held at Saitama Prefectural Ageo High School, where students have been studying the SDGs in an intensive course. To build on their studies, the seminar was organized to teach the students about approaches

taken by local businesses to help accomplish the goals and how they can contribute to the community by becoming involved in the SDGs.

At the event, employees explained how UD Trucks is promoting environmental, social, and governance (ESG) initiatives across the supply chain, and is committed to providing solutions for communities and the logistics industry through its products and services. They also described the Company's autonomous driving trials with heavy-duty trucks, plans for putting electric trucks on the market, measures for saving energy at production plants, efforts to promote diversity and inclusion, and other initiatives. Among the feedback from the students, some said they realized that while trucks come with their own environmental impacts, product modifications can be helpful for achieving the SDGs. Others were surprised that Japan was home to such a diverse company employing people from 30 countries.



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## Sustainability Activities

### Educating the next generation of leaders

UD Trucks has an academic partnership program with Sophia University in Tokyo. The program aims to provide opportunities for students to learn about the logistics industry and multinational corporations by observing how UD Trucks operates, and to assist them with their future career options. Students are also expected to broaden their outlook while appreciating the importance of logistics for society.

In the fall semester every year, employees of various nationalities from the Company give lectures in 14 classes, each focusing on a different topic such as product development, logistics, procurement, manufacturing, sales, legal affairs, and corporate finance. Classroom lectures resumed in 2022 after mainly being held online in 2020 and 2021 due to COVID-19. Along with these lectures, the program offers a summer internship and scholarships as means to support the students.

UD Trucks and Sophia University have been renewing their partnership program agreement every three years since the program started in 2014, attesting to the university's high evaluation of the program.



### Message from an intern

**“I thought about my future more deeply and practically after learning on the job.”**

#### Student studying in Sophia University's Department of Engineering and Applied Sciences

While in my third year of university, I participated in UD Truck's Better Life Internship Program for two weeks in August and September 2022. I am part of the automotive section of my department at school because I am very interested in the automotive industry, and I decided to participate in this program because I wanted to broaden my studies by practically applying what I have learned at a manufacturer and exploring what to research in the future.

I was assigned to the Logistics Division, and my task was to create a 15-minute video about the division. To do that, I learned how logistics works at UD Trucks by talking with employees in the division's four departments about the flow of logistics from upstream to downstream. I gained practical experience by trying my hand at managing inventories, and observed how auto parts are moved around in the manufacturing process at the factory.

By learning on the job for two weeks, I realized that my studies in school were about theory and purely academic in nature. Factory operations are more complicated than theory, and various factors other than logistics must be considered. Now I understand that while theory provides a base, the main role of a

logistics division is to deal with practical matters in the real world.

I had planned to go to graduate school but had not decided on what kind of work to pursue in the future. Now that I have participated in this internship program, however, I definitely want to work in the manufacturing industry. No matter how advanced IT becomes, the process of producing, transporting, and selling products will always be essential for people's livelihoods. With that in mind, I hope to find ways to give something back to society by applying my skills and refining my areas of expertise.



Interns present

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## Sustainability Activities

### Donating engines to vocational schools

In 2022, UD Trucks donated two GH11 heavy-duty truck engines to colleges that train automobile mechanics, one to Nakanihon Automotive College in Gifu Prefecture and one to Nissan Automobile Technical College in Ehime Prefecture. Both colleges prepare large numbers of students for successful careers in the automotive industry, and many of their graduates currently work at UD Trucks. By maintaining and repairing vehicles, mechanics are essential for ensuring the stable operations of transport and logistics providers. In recent years, however, Japan has been facing an increasingly serious shortage of mechanics, reflecting the country's aging population and declining interest in the automotive sector among young people. Therefore, UD Trucks has been donating engines to vocational schools for many years in order to help attract more young people to the industry and support their training. Moreover, because students at these schools have relatively few opportunities to learn about large vehicles, the Company plans to collaborate with the schools in the future to provide opportunities for students to work on heavy-duty trucks equipped with the latest technologies.



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## Sustainability Activities

### Better for Business



Aiming to attain the highest level of performance in the truck manufacturing industry, UD Trucks prioritizes sustainable growth by enhancing organizational efficiency and productivity, transforming its businesses through digitalization, and strengthening corporate governance. The Company proactively invests profits back into its businesses to lay a path for future growth for the benefit of its stakeholders and to support the logistics industry as a whole.

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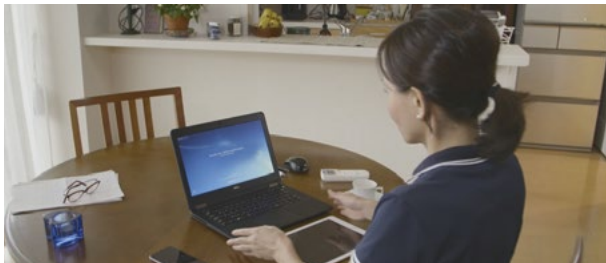
## Sustainability Activities

### Transforming businesses through digitalization

#### Promoting a digital transformation across all business activities

For UD Trucks, a digital transformation involves not just IT-related innovation, but also positive changes to its corporate culture as part of a broader business transformation. As such, a data-driven digital transformation is indispensable for advancements in logistics, higher operational efficiency and productivity, and improvements in workplace conditions. The Company has been investing in IT tools and making use of big data applications, thereby enabling its management to centralize, analyze, and facilitate the application of a wide range of data, from production planning and quality control to sales and services. This data has also been made available to employees as a means to generate new business ideas and stimulate dialogue between employees irrespective of rank or position.

In addition, UD Trucks has applied digital tools to set up a telecommuting system for its employees. This has bolstered the Company's ability to attract highly skilled workers from around the world, which is contributing to



the diversity and capabilities of its workforce.

#### Using data to link the engineering and supply chains

UD Trucks is building a new system for accelerating data linkages between its engineering and supply chains. By pursuing product-related data applications and information sharing, the Company is aiming to enhance its engineering capabilities, which are crucial for manufacturing, while making its supply chain more resilient against various kinds of risks.

The engineering chain is said to account for about 80% of product costs and is a vital factor for product quality. Therefore, to raise efficiency and productivity at the product development and design stages, the Company created a digital model that integrates the Product Development Division's 3D CAD data and the Manufacturing Division's parts-related data. With the linking of this data, it is possible at the product development and design stages to detect potential problems early on, improve quality, and eliminate the need to redo processes at later stages of production. The Manufacturing Division and Sales Division have also established a platform for centralizing data about production schedules, quality assurance, and the status of sales negotiations, enabling personnel from each division to access and share relevant product-related information.

To effectively respond to unexpected changes in the Group's operating environment, which is becoming increasingly difficult to predict, UD Trucks plans to create a system for its organizations and subsidiaries to share important data. Accordingly, the Group will broaden its use of data with the adoption of Internet of Things (IoT) platforms at factories and the application of

augmented reality (AR) solutions in product development, manufacturing, sales, and aftermarket services. In cooperation with its suppliers and customers, UD Trucks will continue using data to seamlessly link and facilitate communication between the engineering and supply chains, with the goals of establishing a resilient supply chain and a customer-oriented business model that creates new value.

#### Digitalizing HR systems

UD Trucks is promoting desk sharing and e-correspondence in its workplaces to facilitate open communication and a free exchange of ideas among its employees. Furthermore, with the shift to telecommuting during the COVID-19 pandemic, the Company has been discontinuing outmoded work practices and the use of paper documents by applying digital solutions. For example, it transferred various administrative procedures and payroll calculations to a cloud-based personnel management information platform. By digitalizing human resources systems in these ways, the Company aims to foster more diverse and flexible workplaces and attract strategic human resources going forward.

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## Sustainability Activities

### Strengthening corporate governance

#### UD Trucks' management team



**Koichi Ito**  
Chairman



**Kouji Maruyama**  
President  
Senior Vice President of Japan Sales



**Taro Kunifusa**  
Director



**Yoshinao Arai**  
Auditor



**Tetsuya Aiba**  
Chief Financial Officer and  
Senior Vice President,  
Human Resources,  
Legal and Compliance



**Shinya Hasegawa**  
Senior Vice President,  
Strategy and Product Line  
Management, Brand and  
Communication



**Takeya Okajima**  
Senior Vice President,  
Operations Modernization



**Keiki Ka**  
Senior Vice President,  
Digital Solutions and IT



**Jacques Michel**  
Senior Vice President,  
International Sales



**Hiroshi Sasaoka**  
Senior Vice President,  
Operations



**Shuichi Hayashi**  
Senior Vice President,  
Purchasing



**Toshihisa Nakaya**  
Senior Vice President,  
Logistics



**Douglas Nakano**  
Senior Vice President,  
Technology



**Masayuki Umeda**  
Senior Vice President,  
Quality Assurance

## Sustainability Activities

### Framework for promoting sustainability

In December 2021, UD Trucks established its Sustainability Committee to promote sustainability-related activities throughout the Company. Positioned under the Company's Executive Board, the Sustainability Committee adopts an environmental, social, and governance (ESG) framework for its activities (refer to page 4). Accordingly, its membership is made up of members from three groups: the Environmental Group, Social Group, and Governance

Group. These members engage in inter-committee discussions, formulate proposals, and submit quarterly reports to the Executive Board, which then integrates the proposals into management activities. Within each of the three groups, teams have been set up to examine and address specific priorities. They determine current circumstances, set goals, devise action plans, and monitor the progress of related activities.



### UD Trucks Code of Conduct

The Company created the UD Trucks Code of Conduct to promote ethical business practices and compliance with laws and regulations. The code explains basic principles and standards for behavior for all employees to follow.



UD Trucks Code of Conduct handbook

#### Topics covered in the UD Trucks Code of Conduct

- **Human rights**  
Respect for others; prohibition of discrimination; safe and hygienic workplaces; compliance with environmental regulations; freedom of association; working hours and remuneration; prevention of modern slavery and child labor
- **Fair and lawful business practices**  
Compliance with product-related regulations; fair competition; prohibition of inappropriate business courtesies (including gifts and entertainment); compliance with import and export controls; prevention of money laundering
- **Separation of business activities and personal interests**  
Conflicts of interest; political activities; insider trading
- **Protection of company data and assets**  
Confidential information; intellectual property; tangible and financial assets; personal information security
- **Transparency and assignment of responsibilities**  
Financial accounting and reporting



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## Sustainability Activities

### Measures for ensuring compliance

For UD Trucks, compliance is an important component of its corporate culture and values. Recognizing that business transactions must be conducted ethically, responsibly, and in good faith, the Company provides compliance-related training programs to all employees. It has also been carrying out various educational campaigns to better enable employees to act professionally based on a solid understanding of business ethics.

After joining the Isuzu Group in April 2021, UD Trucks revised its compliance-related policies and guidelines based on Isuzu Motors' compliance system, and, accordingly, strengthened its management of important compliance-related risks, including those associated with competition laws, corruption, import and export controls, and personal information security. UD Trucks has also set up an internal whistleblower system for facilitating prompt and proper responses to any cases of wrongdoing or suspicious actions, and is developing an online reporting system to improve usability for users.

In addition, UD Trucks established its Compliance Committee in October 2021, and periodically conducts surveys of employees to determine their awareness of compliance-related matters. The results of the survey are reflected in training programs on compliance and harassment prevention, and any incidents of misconduct reported by respondents are passed on to the Audit Department.

### Compliance with legal requirements concerning subcontractors

To maintain sound relationships with its suppliers, UD Trucks has established internal rules for ensuring full compliance with Japan's legal requirements concerning

subcontractors, which include provisions regarding late payments. It has also created a related training program, revised its procedures for paying suppliers, and is periodically conducting business audits of relevant departments. Furthermore, the Company has set up a hotline inside its Legal Affairs Department to impartially respond to enquiries and complaints from suppliers regarding compliance-related matters.

### Risk management

UD Trucks has been working to improve risk management across the entire organization. The Company routinely identifies and assesses risks at the managerial and operational levels, and takes proactive steps to effectively manage such risks and prevent them from materializing. The results of these procedures are reported to executive management whenever necessary to ensure that risk management systems are functioning properly. These systems aim to ensure the safety of employees and visitors at workplaces, safeguard confidential information and intellectual property, respond to emergencies such as a fire or natural disaster, and prepare for resuming operations in the event of a disaster. Thanks to these ongoing efforts, UD Trucks has been maintaining safe and secure operations for many years.

In fiscal 2022, the Company expanded the scope of its risk management systems to suppliers and other business partners across the supply chain in order to ensure production and product quality and to monitor the impact of their operations on the environment and climate change.

### Information security

UD Trucks has taken measures for ensuring the security of its information and data, and is maintaining an information security governance system. To guard against an information system breakdown caused by a disaster, the Company stores and manages electronic information at an earthquake-resistant data center in addition to its head office. It has also stepped up measures for preventing data breaches resulting from cyber-attacks, and regularly provides training sessions on improving information security to its dealers nationwide. In addition, UD Trucks strictly manages and protects all personal information it possesses in accordance with its privacy policies.

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## Sustainability Activities

### Ensuring responsible procurement

#### Strengthening partnerships with suppliers

UD Trucks recognizes that fulfilling its Better Life purpose involves making life better for people and the planet through its entire value chain. From this standpoint, it has included sustainability as an important criterion in its procurement process along with quality, performance, delivery times, and costs, and is bolstering initiatives to tackle sustainability-related issues across its supply chain. As part of these efforts, the Company has included standards for all of its suppliers to meet in the UD Trucks Supplier Code of Conduct, as a means to share its approach to sustainability and expectations for conduct with its suppliers, and to build stronger partnerships in the future.

Meanwhile, the Sustainability Committee, established in 2021, has been assessing the Company's environmental initiatives and business dealings, and identifying and addressing important issues for the UD Trucks Group and its suppliers, such as ensuring that human rights are protected in the supply chain.

#### Requirements placed on suppliers

- **Comply with the UD Trucks Supplier Code of Conduct**  
Meet the Company's standards for sustainability regarding human rights, environmental protection, etc.
- **Produce sustainable products**  
Assess sustainability using a version 4.0 self-assessment questionnaire for suppliers in the automotive industry
- **Acquire sustainability-related certification from relevant organizations**
- **Do not use prohibited substances and materials**  
Confirm any usage of items listed in international databases of banned substances and materials
- **Determine CO<sub>2</sub> emissions and take steps to reduce them**  
Conduct self-assessments of business continuity plans, environmental measures, and ethical conduct to be selected as a supplier for new projects.

#### Responsible sourcing of conflict minerals

UD Trucks strives to ensure responsible and sustainable sourcing of conflict minerals, namely tin, tantalum, tungsten, gold, and cobalt. The Company requires its suppliers to comply with all relevant laws and regulations, and states this clearly in its Supplier Code of Conduct (specifically in the section on responsible sourcing of raw materials). Furthermore, suppliers are required to follow responsible mineral sourcing procedures in high-risk areas.

## About UD Trucks Corporation

For more information about UD Trucks, please refer to the following websites:

- Global website: <https://www.udtrucks.com/>
- Facebook: <https://www.facebook.com/UDTrucksJP>
- YouTube: <https://www.youtube.com/user/udtrucksvideos>



Since its founding in 1935, UD Trucks has been a key player in Japan's transport and logistics industry as a commercial truck manufacturer. The Company currently provides high-performance trucks and services in response to the needs of customers in roughly 60 countries worldwide.




### Company overview (As of April 1, 2023)

<b>Company name</b>	UD Trucks Corporation
<b>Date of foundation</b>	December 1, 1935
<b>Head office address</b>	1-1, Ageo-shi, Saitama 362-8523, Japan
<b>Capital</b>	77.5 billion yen
<b>Number of employees</b>	6,203 employees (Japan) 2,130 employees (Overseas)
<b>Main business</b>	<p><b>Japanese business</b> Development, manufacture, export, and sales of heavy-duty trucks; sales of medium- and light-duty trucks; manufacture and sales of vehicle components; maintenance and sales of service parts for trucks and buses; import and sales of Volvo brand products.</p> <p><b>Businesses outside of Japan</b> Development, manufacture, and sales of heavy-, medium-, and light-duty trucks for growth markets; manufacture and sales of vehicle components; maintenance and sales of service parts for trucks and buses.</p>
<b>Operations in Japan</b>	Headquarters and Ageo Plant; Gunma, Hokkaido, Sanyo, and Kyushu parts distribution centers; Volvo Penta Office
<b>Subsidiaries in Japan</b>	New-Mech Co., Ltd.
<b>Operations outside of Japan</b>	UD Trucks Singapore Office; UD Trucks Thailand, UD Trucks Malaysia, UD Trucks Middle East / North Africa, UD Trucks Southern Africa, UD Trucks Latin America, UD Trucks North America, UD Trucks India, Thailand Plant, South Africa Plant, Singapore parts center, South Africa parts center, Middle East parts center (in Dubai)

### History

Decade	History of the company	Technical development and product launches
1930	1935 Originally established as Nihon Diesel Industries, Ltd., in the city of Kawaguchi, Saitama Prefecture	1938 First diesel engine 1939 First diesel truck
1940	1942 Renamed as Kanega-Fuchi Diesel Co., Ltd. 1946 Renamed as Minsei Sangyo Co., Ltd.	
1950	1950 Renamed as Minsei Diesel Co., Ltd.	1955 Proprietary UD Engine, a powerful lightweight diesel engine 1958 6TW model truck, the first in Japan with a load capacity exceeding 10 tons
1960	1960 Renamed as Nissan Diesel Motor Co., Ltd. 1962 Commenced operations of the Ageo Plant	
1970		1975 Condor medium-duty truck
1990		1990 Big Thumb heavy-duty truck
2000	2007 Joined the Volvo Group	2004 Quon flagship heavy-duty truck
2010	2010 Renamed as UD Trucks Corporation	2013 Quester heavy-duty truck for emerging markets 2014 Kazet light-duty truck 2017 New Quon and Condor truck models Croner medium-duty truck and Kuzer light-duty truck for emerging markets
2020	2021 Joined the Isuzu Group	

### Products and services provided by UD Trucks

 <p><b>UD Trucks</b></p> <p>Sales of Quon heavy-duty trucks, Condor medium-duty trucks, and Kazet light-duty trucks to Japan and other developed markets, and Quester heavy-duty trucks, Croner medium-duty trucks, and Kuzer light-duty trucks to emerging markets</p>	 <p><b>Volvo trucks</b></p> <p>Sales of imported Volvo brand heavy-duty trucks to the Japanese market, including Volvo FH 4x2 and 6x4 tractors, 6x2 and 6x4 rigid trucks, and FMX 6x4 and 8x4 rigid trucks</p>	 <p><b>Volvo Penta</b></p> <p>Sales of Volvo Penta brand industrial and marine engines for the Japanese market, including forklift and pleasure craft engines, and installation and technical support for original equipment manufacturers</p>
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\* UD Trucks is a member of the group of companies led by Isuzu Motors Ltd. For more information about Isuzu Motors, please refer to the following website: <https://www.isuzu.co.jp/world/company/profile.html>